CATTLE MARKETING DEDUCTIONS FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2008

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Cattle Marketing Deductions Fund as at March 31, 2008 and the statements of revenues, expenses and changes in net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 24, 2008

Fred Wendel, CMA, CA
Provincial Auditor

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	Provincial Account		National Account		Federal Levies Account				Total	
					Provincial Federal Levies		National Federal Levies			
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Financial Assets										
Due from General Revenue Fund (Note 7)	$ 5,553,960	$ 5,527,767	$ 376,193	$ 374,646	$ 34,218	$ 29,831	$ 36,006	$ 31,384	$ 6,000,377	$ 5,963,628
Accounts receivable	228,854	266,356	205,865	257,537	11,669	16,597	12,290	17,475	458,678	557,965
Accrued interest receivable	54,566	63,923	---	---	---	---	---	---	54,566	63,923
	$ 5,837,380	$ 5,858,046	$ 582,058	$ 632,183	$ 45,887	46,428	$ 48,296	$ 48,859	$ 6,513,621	$ 6,585,516
Liabilities										
Grants payable	$ 181,750	$ 182,647	$ ---	$ ---	$ ---	---	$ ---	$ ---	$ 181,750	$ 182,647
Accounts payable and accrued liabilities	44,810	19,502	376,193	374,646	34,218	29,831	36,006	31,384	491,227	455,363
	226,560	202,149	376,193	374,646	$ 34,218	29,831	$ 36,006	$ 31,384	672,977	$ 638,010
Net financial assets (Statement 2)	$ 5,610,820	$ 5,655,897	$ 205,865	$ 257,537	$ 11,669	$ 16,597	$ 12,290	$ 17,475	$ 5,840,644	$ 5,947,506

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31

	Budget	Provincial Account		National Account		Federal Levies Account				Total	
						Provincial Federal Levies		National Federal Levies			
	2008 (Note 5)	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenues											
Deductions (Note 1)	$ 1,350,000	$ 1,644,409	$ 1,631,795	$ 1,492,205	$ 1,460,266	$ 115,887	$ 124,820	$ 115,887	$ 124,820	$ 3,368,388	$ 3,341,701
Less: Commissions	(40,500)	(42,777)	(42,421)	---	---	(3,418)	(3,701)	---	---	(46,195)	(46,122)
Refund of deductions	(90,000)	(105,933)	(101,531)	---	---	---	---	---	---	(105,933)	(101,531)
Administration fee	---	---	---	---	---	(2,318)	(2,497)	---	---	(2,318)	(2,497)
Net deductions	1,219,500	1,495,699	1,487,843	1,492,205	1,460,266	110,151	118,622	115,887	124,820	3,213,942	3,191,551
Interest (Note 7)	200,000	238,857	235,711	---	---	---	---	---	---	238,857	235,711
Total revenue	1,419,500	1,734,556	1,723,554	1,492,205	1,460,266	110,151	118,622	115,887	124,820	3,452,799	3,427,262
Expenses											
Grants	1,375,000	1,749,287	1,455,376	1,543,838	1,397,319	---	---	---	---	3,293,125	2,852,695
Administration (Note 3)	25,500	25,120	25,000	---	---	---	---	---	---	25,120	25,000
Advisory committee honoraria and travel	5,000	4,764	6,771	---	---	---	---	---	---	4,764	6,771
Transfers	---	---	---	---	---	114,796	124,561	120,774	131,055	235,570	255,616
Other	---	462	694	39	67	283	---	298	---	1,082	761
Total expenses	1,405,500	1,779,633	1,487,841	1,543,877	1,397,386	115,079	124,561	121,072	131,055	3,559,661	3,140,843
Surplus (deficit) for the year	$ 14,000	(45,077)	235,713	(51,672)	62,880	(4,928)	(5,939)	(5,185)	(6,235)	(106,862)	286,419
Net financial assets, beginning of year		5,655,897	5,420,184	257,537	194,657	16,597	22,536	17,475	23,710	5,947,506	5,661,087
Net financial assets, end of year (Statement 1)		$ 5,610,820	$ 5,655,897	$ 205,865	$ 257,537	$ 11,669	16,597	$ 12,290	17,475	$ 5,840,644	$ 5,947,506

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2008	2007
Cash flows from (used in) operating activities:		
Receipts from deductions	$ 3,418,506	$ 3,165,195
Interest received	248,214	221,838
Grant refund received	90,712	52,902
Payments to suppliers	(30,310)	(32,531)
Grant/Transfer payments	(3,609,748)	(3,222,155)
Refunds paid	(80,625)	(125,405)
Cash flows from operating activities	36,749	59,844
Net increase in cash and cash equivalents	36,749	59,844
Due from General Revenue Fund, beginning of year	5,963,628	5,903,784
Due from General Revenue Fund, end of year	$ 6,000,377	$ 5,963,628

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
NOTES TO THE FINANCIAL STATEMENTS
As at March 31, 2008

1. Legislative Authority

The Cattle Marketing Deductions Fund (Fund) continues under *The Cattle Marketing Deductions Act, 1998* (Act). The Act established two accounts, the Provincial Account and the National Account in 1998. In 2005, amendments to the Act were proclaimed to recognize the Canadian Beef Cattle Research, Market Development and Promotion Agency (Agency) as the promotion-research agency and to set up a Federal Levies Account. The province of Saskatchewan signed both an agency and a services agreement with the Agency to support the collection and remittance of funds from the National Account and the Federal Levies Account. These agreements also allow the Agency to return Saskatchewan's provincial portion of the federal levies collected in other provinces, which are deposited in the Provincial Account. These changes became effective in Saskatchewan on August 1, 2005.

The purpose of the Provincial Account is to fund programs, projects, and policies related to the development, improvement and promotion of the cattle industry and to pay expenses incurred in the administration of the Act.

The purpose of the National Account is to provide funds, under a services agreement, to the Agency established pursuant to the *Farm Products Agencies Act* (Canada) for the development, expansion, and promotion of the cattle industry. Until July 31, 2005, the Act also allowed the Minister of Agriculture (Minister) to provide grants for promotion and research, through negotiated agreements, to organizations that represented the national interests of the cattle industry.

The purpose of the Federal Levies Account is for depositing levies imposed pursuant to a federal levies order and allowing those levies to be remitted to the Agency per the agency agreement. Dealer commissions of $0.03 per head and administration fees of $0.02 per head are deducted from remittances to the Agency.

The Fund has an Advisory Committee, appointed by the Minister that approves all grant payments.

Pursuant to section 3 of *The Cattle Marketing Deductions Regulations, 2004*, $2.00 per head is to be deducted or collected for each head of cattle sold. A livestock dealer that makes the deduction receives a commission of $0.03 per head. The National Account receives $1.00 a head without any deduction for the dealer's commission.

Section 12 of the Act provides for the refund of deductions received by the Provincial Account only. Any person may claim a refund of deductions for a calendar year by filing a claim by January 31 of the following year.

2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants (PSAB). The following accounting policy is considered significant.

a) Revenue

Deductions revenue and related commissions are recognized when the cattle are sold.

Refunds of deductions are recognized when the refund application is approved by the Ministry of Agriculture.

b) Grants

Grants are expensed when approved and eligibility criteria, if any, have been met by the recipient.

c) Use of estimates

These statements are prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accounts. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

3. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown agencies that the Government jointly controls or significantly influences.

The Fund made grants totalling $386,180 (2007 - $295,450) to the University of Saskatchewan.

The Livestock Services Revolving Fund provided administrative services to the Fund for an annual fee of $25,000 (2007 - $25,000).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

4. Commitments

At year end, the Fund's Advisory Committee had approved grants from the Provincial Account totalling $1,678,629 (2007 - $2,152,988) for projects of the following years.

2009	$ 1,322,629
2010	$ 356,000

Included in these amounts is $637,000 committed to the University of Saskatchewan for 2009 and 2010.

Also, the Fund is committed to pay any monies in the National Account to the Canadian Beef Cattle Research, Promotion and Marketing Development Agency.

5. Budget

The Advisory Committee approved the 2008 budget for the Provincial Account on January 19, 2007.

6. Financial Instruments

Accounts receivable, accrued interest receivable, grants payable, and accounts payable and accrued liabilities are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the fair values of these instruments approximate their carrying value.

The Fund is exposed to credit risk from potential non-payment of account receivable. However, most of the receivables were collected shortly after year-end, reducing its credit risk.

7. Due from General Revenue Fund

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Provincial Account on a quarterly basis. The Government's average thirty-day borrowing rate for 2008 was 4.08% (2007 – 4.15%).

8. Comparative Figures

Certain amounts for the prior year have been reclassified to conform with current year financial statement presentation.

CATTLE MARKETING DEDUCTIONS FUND
DETAILED LIST OF EXPENSES (UNAUDITED)
For the Year Ended March 31

	2008	2007
Personal Services		
Payees under $50,000	$ 1,355	$ 1,855
Travel		
Other	3,409	4,916
Grants		
Canadian Cattlemen's Association:		
Operating Expenses	487,540	512,591
Refund of previous year grant	(31,517)	---
Special Assessment	---	210,097
University of Saskatchewan:		
Veterinary Infectious Disease Organization	250,000	205,000
Project Funding	136,180	90,450
Western Beef Development Centre	48,000	3000
Deep South Animal Clinic Ltd.	6,750	33,045
Canadian Beef Cattle Research Development	1,779,408	1,652,935
Receiver General for Canada	30,000	---
Farm Animal Council of Saskatchewan	22,000	10,000
Saskatchewan Cattle Feeders' Association	527,822	101,600
Saskatchewan Stock Growers' Association	248,452	247,827
Prairie Agricultural Machinery Institute	---	20,000
Saskatchewan Society for Prevention of Cruelty to Animals	32,000	30,000
Saskatchewan Forage Council	15,000	10,000
Saskatchewan Beef Quality Starts Here Program	67,772	34,668
Saskatchewan Stock Growers Association – refund of previous year grant	(90,712)	(52,902)
	3,528,695	3,108,311
Supplier Payments		
Payees under $50,000	26,202	25,761
Total	$ 3,559,661	$ 3,140,843